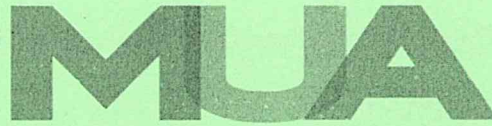


The
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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION

MBA 506: HUMAN RESOURCE MANAGEMENT

DATE: 18TH JULY 2017

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is **compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

LITCO COMPANY

LITCO is the name of a small proprietary concern manufacturing plastic buckets of different sizes. The concern is doing good business and the workers are paid fair wages. The total strength of employees is 85 including three supervisors, one assistant manager and one manager. The proprietor Mr. Shinde is a businessman-cum-politician but he ensures that the business unit operates smoothly and makes a reasonably good profit. This business unit started operations in the year 1994. The rules and practices were developed gradually with suitable modifications as and when necessary.

The employees of the concern are rated by supervisors by means of a graphic scale. The factors to be considered for rating are performance at work, loyalty, management and supervisory skills, community activity, initiative, regularity, punctuality, potentiality to develop, relations with co-workers, achieving of targets and creative ability. The rating factors, methods of evaluation, etc. are made clear to the workers through training, notices, circulars and departmental meetings annual increments, promotions, trainings and end of year bonus and gifts are given to employees based on their performance rating and they must use the method recommended.

This system was accepted by workers for a period of six years since its introduction in 1996. There was no criticism or opposition to the scheme till 2003. However, in 2004, the situation changed and the whole performance appraisal system became a cause of conflict in the labour-management relations and employees started to reject the system terming it as ineffective and outdated.

In the year 2004, ten employees were denied the annual increment due to their low ratings. They, along with few others, met the owner Mr. Shinde and expressed their dissatisfaction with the rating they had received. They argued that some

considerations in the ratings are vague and are unfair to workers. They made reference to "community service" and argued that such service is not a part of their normal job and what they do off - the job is none of the employer's business. They also argued that loyalty and relations with co-workers as considerations for rating are confusing. In addition, they argued that annual increment should not be linked with this performance appraisal. Annual increment should be given to all workers as a reward for years' service and to cater for cost-of-living increments. For workers, wage payment is the only source of income, and it gives them a psychological boost whenever they receive an annual increment. Workers urged Mr. Shinde to be sympathetic in this regard. One worker also hinted that workers may be required to form a union if the injustice in regard to performance appraisal was not removed. This discussion convinced Mr. Shinde and his manager that the present rating system was a dangerous source of friction and that its disadvantages out-weighed its advantages.

Mr. Shinde (being a politician also) noted the indirect threat of union formation in his unit and was cautious in his approach. He preferred to make a dignified retreat. After few days, he announced the decision to delink annual increments with performance appraisal. However, the rating system was retained with some modifications. Moreover, as the possibility of promotions were rare, the rating system was not likely to create new problems for workers and employer. This is how Mr. Shinde solved the problem relating to performance appraisal tactfully and also peacefully. Workers were happy and their respect for Mr. Shinde also increased to some extent.

Required:

- a) Basing your argument on the information given by the employees of LITCO Company, what would you consider as the major Performance Appraisal problems facing the company? Clearly explain to Mr. Shinde the benefits/importance of performance Appraisal system? (10 Marks)

- b) Talent retention and Management is crucial for the survival of any organization in the current labor market today. Citing examples, discuss the various factors contributing to talent retention in organizations. (10 Marks)
- c) Distinguish between recruitment and selection bringing out the major steps in both. (10 marks)

QUESTION TWO

- a. Explain the Importance of Human Resource Planning in the organization. (7 Marks)
- b. Differentiate between training and development and explain the factors -influencing Training and development. (8 marks)

QUESTION THREE

- a. Discuss the factors influencing the determination of wage and salary administration in organizations (5 Marks)
- b. A trade union is an organization of workers who have joined together so as to improve their interests based on this statement state ten objectives of a trade Union (5 Marks)
- c. Successful implementation of a career development programme involves 5 basic steps at clearly explain each step. (5marks)

QUESTION FOUR

- a) Human Resources are the most difficult resources to maintain and the most expensive to retain in relation to the statement, Discuss the challenges facing Human resource Managers in Kenya today (8 marks)
- b) Analyze the disciplines that contribute to HRM (7 Marks)